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File No. 036173-0000

LATHAM & WATKINS^{LLP}

October 3, 2003

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: CC Dkt No. 94-102: Notice of ex parte Presentation

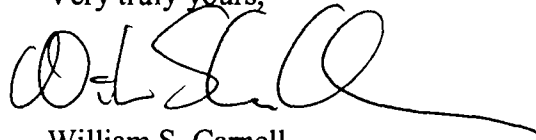
Dear Ms. Dortch:

On October 2, 2003, Michelle Avary and Robert Chiapetta of Toyota Motor North America, Inc., and the undersigned of Latham & Watkins, LLC, counsel to Toyota, met separately with John Muleta, Kathy Seidel, Jared Carlson and Greg Guice of the Wireless Telecommunications Bureau. The parties discussed the attached handouts, and urged that the Commission should not extend E911 regulations to embedded telematics services and devices.

Ms. Avary stated that compliance with E911 rules would likely require equipment manufacturers to engage in a complete re-design of their respective telematics systems, requiring an investment of thousands of engineer hours, and pointed out that manufacturers are already facing a heavy burden in the transition to digital technology for telematics units.

In accordance with the Commission's rules the original and one copy are enclosed for filing in the above-referenced docket. Please feel free to contact the undersigned should you have any questions.

Very truly yours,



William S. Carnell
of LATHAM & WATKINS LLP

Enclosure

cc: John Muleta
Kathy Seidel
Jared Carlson
Greg Guice

TOYOTA

**FCC Revision of the Commission's Rules to
Ensure Compatibility with Enhanced 911
Emergency Calling Systems
(CC Docket No. 94-102)**

Ex Parte Presentation

October 2, 2003



Toyota has been offering telematics on select Lexus vehicles since 2000

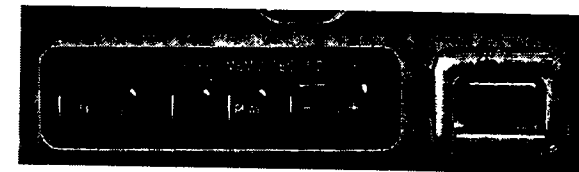
- Toyota: One of the leading car manufacturers in the United States and in the world
- Lexus Link: The embedded telematics service offered in certain Lexus vehicles
 - Toyota and Lexus manufacture the embedded telematics equipment based on OnStar design specifications
 - OnStar provides the underlying telematics call center service



Lexus Link provides safety & security services

- Lexus Link is a system of on-board hardware and software working in conjunction with wireless network and call center technologies to provide a wide range of safety, security and convenience services

- Lexus Link is currently offered on LS, LX, GX, RX and SC
- MSRP: \$1,215 *(includes 1 year of service)*
- Service price:



- | | |
|-----------|-------|
| ➤ Basic | \$215 |
| ➤ Premium | \$413 |

Embedded telematics does not need regulation

- Telematics provides valuable and beneficial services
- E911 compliance would be difficult and costly
 - And would likely reduce penetration
- No evidence that regulation is needed
 - This is *not* cellular



Telematics provides valuable emergency services

- Provides always-on, ubiquitous coverage
- Offers detailed location information TODAY
 - Greater accuracy than E911 requirements¹
 - Delivers information regardless of PSAP readiness
- Automatic collision notification (A.C.N.): even when the victim cannot speak
- The emergency care community agrees:
 - ComCare Alliance: The “policy objective of promoting safety...means promoting the wide deployment of telematics”



¹ See OnStar's Comments to Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems, CC Dkt No. 94-102, IB Dkt No. 99-67 (rel. Dec. 20 2002), at 9.

Telematics benefits drivers in all types of situations

- Features that benefit safety and security
 - A.C.N.
 - Emergency services
 - Accident assist
 - Roadside assistance
 - Ride assist
 - Stolen vehicle tracking
- Features that add to quality of life
 - Concierge services
 - Information services
 - Route guidance
 - Remote door unlock



Some calls are considered “emergencies” by the driver such as a flat tire that do not require PSAP assistance

Regulation would be burdensome and potentially detrimental

- E911 rules were designed for mobile telephone, not embedded telematics
- Compliance would require a total re-design
 - Concern for legacy customer satisfaction
- Very high cost of re-design and of new equipment
- Possible that some providers might exit from telematics rather than endure expense of re-design



Net effect: costlier telematics, fewer subscribers

Long time horizon to ensure product safety

- Three-year design cycle
 - From drawing board to showroom
- Five-year product cycle
 - Time between major re-designs
- Long vehicle life span
 - 10+ years
- Telematics equipment is already in the midst of a major re-design from analog to digital



*A fundamental change to telematics equipment and services
would take many years to complete*

No clear benefit from regulation

- No evidence of any problem with existing systems and methods
- No evidence of customer confusion over how their calls will be routed
- No evidence of *any* benefit to be gained through regulation



Questionable jurisdiction

- Not a “Commercial Mobile Service” under Sections 3 and 332
 - Not “interconnected”
 - Not made “available to a substantial portion of the public”
 - Sold only in bundle with cars; no choice of provider
- Telematics is an information service that “makes use of” telecommunications services



The Toyota dilemma

- Digital transition requires a major re-design
- Should we instead wait and see what E911 regulations may appear?

